

Introduced by Senator Corbett

February 26, 2009

An act to amend Section 44272 of the Health and Safety Code, and to amend Section 26003 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 400, as introduced, Corbett. Energy: green vehicles.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program administered by the State Energy Resources Conservation and Development Commission for the purposes of providing, upon appropriation by the Legislature, revolving loans, loan guarantees, loans, and other appropriate measures, to specified entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. Projects that are eligible for funding include, among other things, projects that develop and improve vehicle technologies that provide for various results including, among other things, advance internal combustion engines with a 40% better efficiency level over current market standard.

This bill instead, would provide that projects that develop, manufacture, or improve vehicle technologies providing for, among other results, advanced internal combustion engines with a 30% or better efficiency level over current market standard are eligible for funding under the program.

(2) The existing California Alternative Energy and Advanced Transportation Financing Authority provides industries in the state with alternative methods of financing in providing and promoting the establishment of facilities needed for the development and

commercialization of advanced transportation technologies, and other facilities. The act defines “advanced transportation technologies” to include, among other things, electric vehicles and ultralow emission vehicles.

This bill instead, would define “advanced transportation technologies” to include, among other things, “California green vehicles,” as defined.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 44272 of the Health and Safety Code is
2 amended to read:

3 44272. (a) The Alternative and Renewable Fuel and Vehicle
4 Technology Program is hereby created. The program shall be
5 administered by the commission. The commission shall implement
6 the program by regulation pursuant to the requirements of Chapter
7 3.5 (commencing with Section 11340) of Division 3 of Title 2 of
8 the Government Code. The program shall provide, upon
9 appropriation by the Legislature, competitive grants, revolving
10 loans, loan guarantees, loans, or other appropriate funding
11 measures, to public agencies, vehicle and technology entities,
12 businesses and projects, public-private partnerships, workforce
13 training partnerships and collaboratives, fleet owners, consumers,
14 recreational boaters, and academic institutions to develop and
15 deploy innovative technologies that transform California’s fuel
16 and vehicle types to help attain the state’s climate change policies.
17 The emphasis of this program shall be to develop and deploy
18 technology and alternative and renewable fuels in the marketplace,
19 without adopting any one preferred fuel or technology.

20 (b) A project funded by the commission shall be approved at a
21 noticed public hearing of the commission and shall be consistent
22 with the priorities established by the investment plan adopted
23 pursuant to Section 44272.5.

24 (c) The commission shall provide preferences to those projects
25 that maximize the goals of the Alternative and Renewable Fuel
26 and Vehicle Technology Program, based on the following criteria,
27 as applicable:

28 (1) The project’s ability to provide a measurable transition from
29 the nearly exclusive use of petroleum fuels to a diverse portfolio

1 of viable alternative fuels that meet petroleum reduction and
2 alternative fuel use goals.

3 (2) The project's consistency with existing and future state
4 climate change policy and low-carbon fuel standards.

5 (3) The project's ability to reduce criteria air pollutants and air
6 toxics and reduce or avoid multimedia environmental impacts.

7 (4) The project's ability to decrease, on a life-cycle basis, the
8 discharge of water pollutants or any other substances known to
9 damage human health or the environment, in comparison to the
10 production and use of California Phase 2 Reformulated Gasoline
11 or diesel fuel produced and sold pursuant to California diesel fuel
12 regulations set forth in Article 2 (commencing with Section 2280)
13 of Chapter 5 of Division 3 of Title 13 of the California Code of
14 Regulations.

15 (5) The project does not adversely impact the sustainability of
16 the state's natural resources, especially state and federal lands.

17 (6) The project provides nonstate matching funds.

18 (7) The project provides economic benefits for California by
19 promoting California-based technology firms, jobs, and businesses.

20 (8) The project uses existing or proposed fueling infrastructure
21 to maximize the outcome of the project.

22 (9) The project's ability to reduce on a life-cycle assessment
23 greenhouse gas emissions by at least 10 percent, and higher
24 percentages in the future, from current reformulated gasoline and
25 diesel fuel standards established by the state board.

26 (10) The project's use of alternative fuel blends of at least 20
27 percent, and higher blend ratios in the future, with a preference
28 for projects with higher blends.

29 (11) The project drives new technology advancement for
30 vehicles, vessels, engines, and other equipment, and promotes the
31 deployment of that technology in the marketplace.

32 (d) Only the following shall be eligible for funding:

33 (1) Alternative and renewable fuel projects to develop and
34 improve alternative and renewable low-carbon fuels, including
35 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
36 hydrogen, and biomethane, among others, and their feedstocks
37 that have high potential for long-term or short-term
38 commercialization, including projects that lead to sustainable
39 feedstocks.

1 (2) Demonstration and deployment projects that optimize
2 alternative and renewable fuels for existing and developing engine
3 technologies.

4 (3) Projects to produce alternative and renewable low-carbon
5 fuels in California.

6 (4) Projects to decrease the overall impact of an alternative and
7 renewable fuel's life cycle carbon footprint and increase
8 sustainability.

9 (5) Alternative and renewable fuel infrastructure, fueling
10 stations, and equipment. The preference in paragraph (10) of
11 subdivision (c) shall not apply to renewable diesel or biodiesel
12 infrastructure, fueling stations, and equipment used solely for
13 renewable diesel or biodiesel fuel.

14 (6) Projects to develop ~~and~~, *manufacture, or* improve light-,
15 medium-, and heavy-duty vehicle technologies that provide for
16 better fuel efficiency and lower greenhouse gas emissions,
17 alternative fuel usage and storage, or emission reductions, including
18 propulsion systems, advanced internal combustion engines with a
19 ~~40~~ 30 percent or better efficiency level over the current market
20 standard, light-weight materials, energy storage, control systems
21 and system integration, physical measurement and metering
22 systems and software, development of design standards and testing
23 and certification protocols, battery recycling and reuse, engine and
24 fuel optimization electronic and electrified components, hybrid
25 technology, plug-in hybrid technology, battery electric vehicle
26 technology, fuel cell technology, and conversions of hybrid
27 technology to plug-in technology through the installation of safety
28 certified supplemental battery modules.

29 (7) Programs and projects that accelerate the commercialization
30 of vehicles and alternative and renewable fuels including buy-down
31 programs through near-market and market-path deployments,
32 advanced technology warranty or replacement insurance,
33 development of market niches, supply-chain development, and
34 research related to the pedestrian safety impacts of vehicle
35 technologies and alternative and renewable fuels.

36 (8) Programs and projects to retrofit medium- and heavy-duty
37 on-road and nonroad vehicle fleets with technologies that create
38 higher fuel efficiencies, including alternative and renewable fuel
39 vehicles and technologies, idle management technology, and
40 aerodynamic retrofits that decrease fuel consumption.

1 (9) Infrastructure projects that promote alternative and renewable
2 fuel infrastructure development connected with existing fleets,
3 public transit, and existing transportation corridors, including
4 physical measurement or metering equipment and truck stop
5 electrification.

6 (10) Workforce training programs related to alternative and
7 renewable fuel feedstock production and extraction, renewable
8 fuel production, distribution, transport, and storage,
9 high-performance and low-emission vehicle technology and high
10 tower electronics, automotive computer systems, mass transit fleet
11 conversion, servicing, and maintenance, and other sectors or
12 occupations related to the purposes of this chapter.

13 (11) Block grants administered by not-for-profit technology
14 entities for multiple projects, education and program promotion
15 within California, and development of alternative and renewable
16 fuel and vehicle technology centers.

17 (12) Life-cycle and multimedia analyses, sustainability and
18 environmental impact evaluations, and market, financial, and
19 technology assessments performed by a state agency to determine
20 the impacts of increasing the use of low-carbon transportation fuels
21 and technologies, and to assist in the preparation of the investment
22 plan and program implementation.

23 (e) The commission may make a single source or sole source
24 award pursuant to this section for applied research. The same
25 requirements set forth in Section 25620.5 of the Public Resources
26 Code shall apply to awards made on a single source basis or a sole
27 source basis. This subdivision does not authorize the commission
28 to make a single source or sole source award for a project or
29 activity other than for applied research. The commission may
30 pursuant to this subdivision make a single source or sole source
31 award for the applied research to be conducted by the Quiet
32 Motorized Road Vehicle and Safe Mobility Committee created
33 pursuant to Section 25227 of the Public Resources Code, if Senate
34 Bill 1174 of the 2007–08 Regular Session, which would add that
35 section, is enacted.

36 (f) Until January 1, 2012, the commission may contract with
37 the Treasurer to expend funds through programs implemented by
38 the Treasurer, if that expenditure is consistent with all of the
39 requirements of this chapter.

SEC. 2. Section 26003 of the Public Resources Code is amended to read:

26003. As used in this division, unless the context otherwise requires:

(a) “Authority” means the California Alternative Energy and Advanced Transportation Financing Authority established pursuant to Section 26004, and any board, commission, department, or officer succeeding to the functions of the authority, or to which the powers conferred upon the authority by this division shall be given.

(b) “Cost” as applied to a project or portion thereof financed under this division means all or part of the cost of construction and acquisition of all lands, structures, real or personal property or an interest therein, rights, rights-of-way, franchises, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved; the cost of all machinery, equipment, and furnishings, financing charges, interest prior to, during, and for a period after, completion of construction as determined by the authority; the cost of the purchase or sale of energy derived from an alternative source pursuant to subdivision (g) of Section 26011; provisions for working capital; reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements; the cost of architectural, engineering, financial, accounting, auditing and legal services, plans, specifications, estimates, administrative expenses, and other expenses necessary or incident to determining the feasibility of constructing any project or incident to the construction, acquisition, or financing of a project.

(c) (1) “Alternative sources” means the application of cogeneration technology, as defined in Section 25134; the conservation of energy; or the use of solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, or any other source of energy, the efficient use of which will reduce the use of fossil and nuclear fuels, and is intended primarily to offset part or all of the customer’s own electrical requirements.

(2) “Alternative sources” does not include a hydroelectric facility that does not meet state laws pertaining to the control,

1 appropriation, use, and distribution of water, including, but not
2 limited to, the obtaining of applicable licenses and permits.

3 (d) “Advanced transportation technologies” means emerging
4 commercially competitive transportation-related technologies
5 identified by the authority as capable of creating long-term, high
6 value-added jobs for Californians while enhancing the state’s
7 commitment to energy conservation, pollution reduction, and
8 transportation efficiency. Those technologies may include, but are
9 not limited to, any of the following:

- 10 (1) Intelligent vehicle highway systems.
- 11 (2) Advanced telecommunications for transportation.
- 12 (3) Command, control, and communications for public transit
13 vehicles and systems.
- 14 ~~(4) Electric vehicles and ultralow-emission vehicles.~~
- 15 (4) *California green vehicles.*
- 16 (5) High-speed rail and magnetic levitation passenger systems.
- 17 (6) Fuel cells.

18 (e) A “California green vehicle” means a motor vehicle that
19 meets any of the following criteria:

- 20 (1) *Meets or exceeds California’s super ultralow emission*
21 *vehicle standard of exhaust emissions and the federal inherently*
22 *low-emission vehicle evaporative emission, as defined in Part 88*
23 *(commencing with Section 88.101-94) of Title 40 of the Code of*
24 *Federal Regulations.*
- 25 (2) *Is a plug-in hybrid motor vehicle propelled by an internal*
26 *combustion engine or heat engine using a combustible fuel, an*
27 *on-board rechargeable storage device, and a means of using an*
28 *off-board source of electricity.*
- 29 (3) *Meets or exceeds the California advanced technology partial*
30 *zero-emission vehicle standard for criteria pollutant emissions*
31 *and that is rated at 45 miles per gallon or greater according to*
32 *the federal highway fuel economy test procedure.*
- 33 (4) *Is a gas-electric hybrid vehicle that has a combined fuel*
34 *economy rating of 45 miles per gallon or greater according to the*
35 *federal highway fuel economy test procedure and meets*
36 *California’s ultralow emission vehicle standard for exhaust*
37 *emissions.*
- 38 (5) *Meets or exceeds California’s standards for criteria pollutant*
39 *emissions and has a combined fuel economy rating of 30 miles per*

1 *gallon or greater according to the federal highway fuel economy*
2 *test procedure.*

3 ~~(e)~~

4 (f) “Financial assistance” includes, but is not limited to, either,
5 or any combination, of the following:

6 (1) Loans, loan loss reserves, interest rate reductions, proceeds
7 of bonds issued by the authority, insurance, guarantees or other
8 credit enhancements or liquidity facilities, contributions of money,
9 property, labor, or other items of value, or any combination thereof,
10 as determined by, and approved by the resolution of, the board.

11 (2) Any other type of assistance the authority determines is
12 appropriate.

13 ~~(f)~~

14 (g) “Participating party” means either of the following:

15 (1) A person or an entity or group of entities engaged in business
16 or operations in the state, whether organized for profit or not for
17 profit, that does either of the following:

18 (A) Applies for financial assistance from the authority for the
19 purpose of implementing a project in a manner prescribed by the
20 authority.

21 (B) Participates in the purchase or sale of energy derived from
22 an alternative source pursuant to subdivision (g) of Section 26011.

23 (2) A public agency or nonprofit corporation that does either of
24 the following:

25 (A) Applies for financial assistance from the authority for the
26 purpose of implementing a project in a manner prescribed by the
27 authority.

28 (B) Participates in the purchase or sale of energy derived from
29 an alternative source pursuant to subdivision (g) of Section 26011.

30 ~~(g)~~

31 (h) “Project” means a land, building, improvement to the land
32 or building, rehabilitation, work, property, or structure, real or
33 personal, stationary or mobile, including, but not limited to,
34 machinery and equipment, whether or not in existence or under
35 construction, that utilizes, or is designed to utilize, an alternative
36 source, or that is utilized for the design, technology transfer,
37 manufacture, production, assembly, distribution, or service of
38 advanced transportation technologies, or an arrangement for the
39 purchase, including prepayment, or sale of energy derived from
40 an alternative source pursuant to subdivision (g) of Section 26011.

~~(h)~~

(i) “Public agency” means a federal or state agency, department, board, authority, state or community college, university, or commission, or a county, city and county, city, regional agency, public district, school district, or other political entity.

~~(i)~~

(j) (1) “Renewable energy” means a device or technology that conserves or produces heat, processes heat, space heating, water heating, steam, space cooling, refrigeration, mechanical energy, electricity, or energy in any form convertible to these uses, that does not expend or use conventional energy fuels, and that uses any of the following electrical generation technologies:

(A) Biomass.

(B) Solar thermal.

(C) Photovoltaic.

(D) Wind.

(E) Geothermal.

(2) For purposes of this subdivision, “conventional energy fuel” means any fuel derived from petroleum deposits, including, but not limited to, oil, heating oil, gasoline, fuel oil, or natural gas, including liquefied natural gas, or nuclear fissionable materials.

(3) Notwithstanding paragraph (1), for purposes of this section, “renewable energy” also means ultralow-emission equipment for energy generation based on thermal energy systems such as natural gas turbines and fuel cells.

~~(j)~~

(k) “Revenue” means all rents, receipts, purchase payments, loan repayments, and all other income or receipts derived by the authority from a project, or the sale, lease, or other disposition of alternative source or advanced transportation technology facilities, or the making of loans to finance alternative source or advanced transportation technology facilities, and any income or revenue derived from the investment of money in any fund or account of the authority.